

Message Text

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ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 CCO-00 /016 R

DRAFTED BY S/S-O: DMORAN

APPROVED BY S/S-O: MTANNER

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E.O. 11652:GDS

TAGS: PFOR, OVIP (KISSINGER, HENRY A)

SUBJECT:SPECIAL SUMMARY NO. 2: TELEGRAPHIC SUMMARY

1. ANGOLA

A. PORTUGAL SEEKS A FORMULA TO END FIGHTING

IN A CONVERSATION AUGUST 16 WITH CONSUL GENERAL KILLORAN, ACTING HIGH COMMISSIONER MACEDO REJECTED THE REPORTS CIRCULATING ABROAD THAT PORTUGAL HAD TAKEN OVER THE TRANSITIONAL GOVERNMENT. PORTUGAL'S ACTION, HE SAID:

--WAS A TEMPORARY ASSUMPTION OF ADMINISTRATIVE POWER IN ORDER TO END THE PARALYSIS OF THE GOVERNMENT; AND

--IN NO WAY CHANGES PORTUGAL'S RELATIONSHIP TO THE TRANSITIONAL GOVERNMENT.

AS FOR PORTUGAL'S POLICY REVIEW ON ANGOLA, MACEDO SAID THAT THE GOP IS DESPERATELY SEARCHING FOR A FORMULA ACCEPTABLE TO ALL THREE LIBERATION MOVEMENTS SO THAT NEGOTIATIONS COULD START AGAIN, BUT SO FAR NOTHING SEEMS
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FEASIBLE. AT THE MOMENT, LISBON DOES NOT CONSIDER PARTITION A VIABLE OPTION.

MACEDO ALSO SAID THAT PORTUGUESE OFFICERS HAVE WORKED OUT

A MODUS OPERANDI WITH SOUTH AFRICAN TROOPS WHO HAD MOVED INTO THE CUNENE DISTRICT TO PROTECT WORKERS THERE.

B. ZAIRE'S KUANDA CONDEMNS ANGOLAN LEADERS' SELFISH-
--NESS

PRESIDENT KUANDA CONDEMNED ANGOLA'S THREE LIBERATION MOVEMENT LEADERS OF SELFISHNESS IN CONTINUING THE STRIFE.
KUANDA:

--CALL ON NETO, ROBERTO AND SAVIMBI TO WIELD THE "SWORD OF LOVE" AND TO CEASE FOLLOWING THE ADVICE OF THEIR "FOOLISH ADVISERS;"

--DEFENDED ZAMBIA'S MORAL AND POLITICAL RIGHT TO SPEAK OUT ON ANGOLA'S INTERNAL AFFAIRS BECAUSE OF THE ZAMBIAN PEOPLE'S PAST AND PRESENT SACRIFICES ON BEHALF OF INDEPENDENCE IN ANGOLA.

EMBASSY COMMENT: ZAMBIANS ARE ALARMED BY THE POLITICAL AND SEVERE ECONOMIC IMPLICATIONS OF THE SPREADING ANGOLAN CONFLICT, WHICH IS CAUSING DELAYS IN THE MOVEMENT OF URGENTLY NEEDED GOODS THROUGH LOBITO.

2. ISRAEL: NEED FOR US ECONOMIC AID CONTINUES

THE CONCLUSIONS OF AN IMF TEAM, WHICH RECENTLY VISITED ISRAEL, WERE PUBLISHED LAST WEEK AND REVEAL:

--BOTH THE INFLATION RATE AND THE LEVEL OF IMPORTS HAVE DECLINED; BUT,

--THE MAIN OBJECTIVES OF THE GOI ECONOMIC POLICY--I.E., EXPANSION OF IMPORTS AND A SIGNIFICANT DROP IN CONSUMPTION--WERE NOT ACHIEVED.

THE IMF TEAM MADE A NUMBER OF RECOMMENDATIONS, WHICH
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INCLUDE:

--CUTTING THE BUDGET AND INCREASING TAXES;

--CONTINUING THE CREEPING DEVALUATION ARRANGEMENT;

--SHIFTING THE ISRAELI POUND LINKAGE FROM THE DOLLAR TO A TRADE-WEIGHTED BASKET OF CURRENCIES (WHICH APPEARS LIKELY AS A RESULT OF THE POUND'S RISE AGAINST EUROPEAN CURRENCIES);

--PROVIDING ADDITIONAL EXPORT INCENTIVES AND A GREATER EMPHASIS ON THE TRANSFER OF RESOURCES FROM LOCAL CONSUMP-

TION TO EXPORTS.

EMBASSY COMMENT: THE LEVEL OF FUTURE US ASSISTANCE TO ISRAEL WILL HAVE AN IMPORTANT BEARING ON GOI DECISIONS REGARDING ADDITIONAL AUSTERITY MEASURES. FINANCE MINISTER RABINOWITZ STATED THAT, SHOULD THE US CURTAIL ITS ASSISTANCE, ISRAEL WOULD HAVE TO MOVE TO AN EMERGENCY ECONOMIC REGIME AND TO "CHANGE THOROUGHLY OUR PATTERN OF LIFE."

3. ISRAELI VIEWS ON LEBANESE SITUATION

ACCORDING TO AN MFA OFFICIAL, THE ISRAELIS CONSIDER THAT SOME KIND OF EQUILIBRIUM HAS BEEN REESTABLISHED BETWEEN THE VARIOUS INTERNAL AND EXTERNAL FORCES SEEKING TO DOMINATE LEBANON, AND THAT, SUBJECT TO THE POSSIBILITY OF SUCCESSFUL OUTSIDE INTERVENTION, THIS SITUATION COULD CONTINUE FOR SOME TIME. THE OFFICIAL OBSERVED:

--THE MOST IMPORTANT AND DIRECT EXTERNAL ARAB INFLUENCE IN LEBANON AT PRESENT IS SYRIA, WHOSE LONG-RANGE GOAL IS REINTEGRATING LEBANON; THEREFORE

--SYRIA HAS A CONTINUING DESIRE TO LIMIT THE INFLUENCE OF OTHER ARAB STATES, PRINCIPALLY IRAQ AND LIBYA; BUT

--EGYPT, SAUDI ARABIA AND THE OTHER GULF STATES ALSO HAVE KEPT A HAND IN LEBANESE POLITICS TO ASSURE THAT THEIR
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INTERESTS CAN BE PROTECTED.

--THIS COMPETITION AMONG ARABS, WHILE COMPLICATING THE SITUATION IN LEBANON, ALSO CONTRIBUTES TO STABILITY, IN THAT THE OPPOSING STATES INTERESTS OFTEN SEEM TO RESULT IN EQUILIBRIUM.

TURNING TO THE LEBANESE INTERNAL SITUATION, THE OFFICIAL SAID THAT:

--LEBANON'S CHRISTIANS, DESPITE THE TREND TOWARD INCREASED MOSLEM POLITICAL POWER, WOULD BE ABLE TO RESIST MAJOR CHANGE AND MAINTAIN THE STATUS QUO.

--THE MOSLEMS ARE AMBIVALENT IN THEIR VIEW OF THE DESIRABILITY OF CHANGE.

--THE OBJECTIVE OF RECENT PLO VIOLENCE IN LEBANON WAS

TO MAKE THE GOAL OF REACHING AN INTERIM ISRAELI-EGYPTIAN AGREEMENT AS DIFFICULT AS POSSIBLE FOR MODERATES ON BOTH SIDES.

4. INDIA: REACTION TO BANGLADESH COUP

AN INDIAN OFFICIAL TOLD EMBASSY NEW DELHI AUGUST 16 THAT
THE GOI:

--KNEW MONTHS IN ADVANCE OF THE COUP PLANNING BY A GROUP OF
DISGRUNTLED POLITICIANS AND MILITARY OFFICERS LED BY
AHMED AND AN UNNAMED CAPTAIN RECENTLY PURGED BY MUJIB;

--IS CONCERNED WITH THE NEW GOVERNMENT'S FOREIGN POLICY,
IN PARTICULAR AHMED'S "WELL-KNOWN" POSITION FAVORING
IMPROVED RELATIONS WITH PAKISTAN;

--IS HOPEFUL, HOWEVER, THAT IMPROVED RELATIONS WITH PAKIS-
TAN WILL NOT AUTOMATICALLY MEAN A NEGATIVE POSTURE TOWARD
INDIA.

EMBASSY COMMENT: FOREIGN SECRETARY SINGH AND PM SECRETARY
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KHAR, AT A DINNER AUGUST 15 ATTENDED BY AMBASSADOR SAXBE,
APPEARED RELAXED ABOUT BANGLADESH DEVELOPMENTS, JOKING
ABOUT HOW "ALL THE OLD CROWD" WAS RETURNING TO OFFICE.
THE EMBASSY HAS LEARNED FROM A PRESS SOURCE THAT GOI -
CENSORS HAVE PROHIBITED EDITORIAL COMMENT ON THE SITUA-
TION.

5. MOZAMBIQUE: WHY THE DELAY IN RELATIONS WITH THE WEST?

UN RESIDENT REPRESENTATIVE IN LOURENCO MARQUES BALINSKI
GAVE CONSUL GENERAL WALKER HIS VIEW OF THE REASONS WHY
THE GPRM IS DELAYING ESTABLISHMENT OF DIPLOMATIC RELATIONS
WITH THE WEST. BALINSKI SAID MACHEL:

--INITIALLY ADOPTED A RELATIVELY MODERATE POSTURE TOWARD
THE WEST; BUT,

--ALTERED HIS APPROACH WHEN HE REALIZED THAT HARSH MEASURES
WERE REQUIRED TO BRING ABOUT A CHANGE IN MENTALITY OF THE
MORE PRO-CAPITALIST MOZAMBICANS; AND THEREFORE,

--DELAYED PURSUING FORMAL RELATIONS WITH THOSE WESTERN
NATIONS WHO WERE ALREADY WELL-ESTABLISHED IN LOURENCE
MARQUES FOR FEAR THAT THIS MIGHT INCREASE THEIR FREEDOM
OF ACTION IN SUPPORTING DISSIDENT ELEMENTS AGAINST THE
REGIME.

CONSULATE COMMENT: BALINSKI'S ANALYSIS IS SUPPORTED BY
CIRCUMSTANTIAL EVIDENCE, BUT ANOTHER POSSIBLE EXPLANATION
IS THAT ELEMENTS HOSTILE TO THE WEST MAY HAVE PREVAILED
OVER THE MODERATES IN PURSUADING MACHEL TO ABANDON ANY

SEMBLANCE OF NON-ALIGNMENT.

6. EGYPT: SADAT MENDS FENCES

PRESIDENT SADAT TOOK A FULL DAY AWAY FROM CAIRO AUGUST
14 FOR AN INSPECTION TOUR OF THE NORTHERN LIBYAN BORDER
AREA. SADAT:

--SOUGHT TO REPAIR THE CONSEQUENCES OF GOE NEGLECT OF
THE REGION BY MAKING SPECIFIC PLEDGES TO LOCAL TRIBESMEN;
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--CAUTIONED STRANGERS (READ QADHAFI) AGAINST TRESPASSING
ON OTHER ARAB LANDS.

EMBASSY CAIRO SEES THE TRIP AS A SIGNAL THAT THE GOE WILL
NOT COUNTENANCE LIBYAN PLOTTING AMONGST THE TRIBES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 17 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE195272
Document Source: ADS
Document Unique ID: 00
Drafter: S/S-O: DMORAN
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750284-0364
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197508101/baaaasgz.tel
Line Count: 240
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 13 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 JUN 2003 by ifshinsr>; APPROVED <26 NOV 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PFOR, OVIP, PINS, XX, (KISSINGER, HENRY A)
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006